



Queensland University of Technology
Brisbane Australia

This is the author's version of a work that was submitted/accepted for publication in the following source:

Jacobs, Joanne (2013) Doing it better? Overseas online retailers aisles ahead. *The Conversation*.

This file was downloaded from: <http://eprints.qut.edu.au/71475/>

© Copyright 2014 [please consult the author]

Notice: *Changes introduced as a result of publishing processes such as copy-editing and formatting may not be reflected in this document. For a definitive version of this work, please refer to the published source:*

Doing it better? Overseas online retailers aisles ahead

AUTHOR



1.

Joanne Jacobs

Adjunct Associate Professor, Creative Industries at Queensland University of Technology

DISCLOSURE STATEMENT

Joanne Jacobs works for 1000heads P/L, a Word of Mouth Agency that provides advice to firms on use of digital technologies for business purposes.



Overseas based online retailers are far more innovative in coming up with ways to keep customers clicking. [BBC](#)

All the signs are there that Australian retailers are not investing enough in their online operations.

More than A\$24 billion was spent online during the 12 months to March 2013, **with Australian online sales growing by 11.9% compared with general retail growth of just 3.4%.**

And online retail sales across the entire Asia Pacific region are anticipated to overtake North America in 2013, **accounting for a third of global e-commerce revenues**.

But the growth isn't coming from Australia. It's coming from China.

Why is it that Australia has so few businesses offering goods and services online, and a **retail sector that actively questions the value of online sales**? And what makes the big international sites like Gilt.com, Nieman Marcus and ASOS so appealing when compared with local offerings?

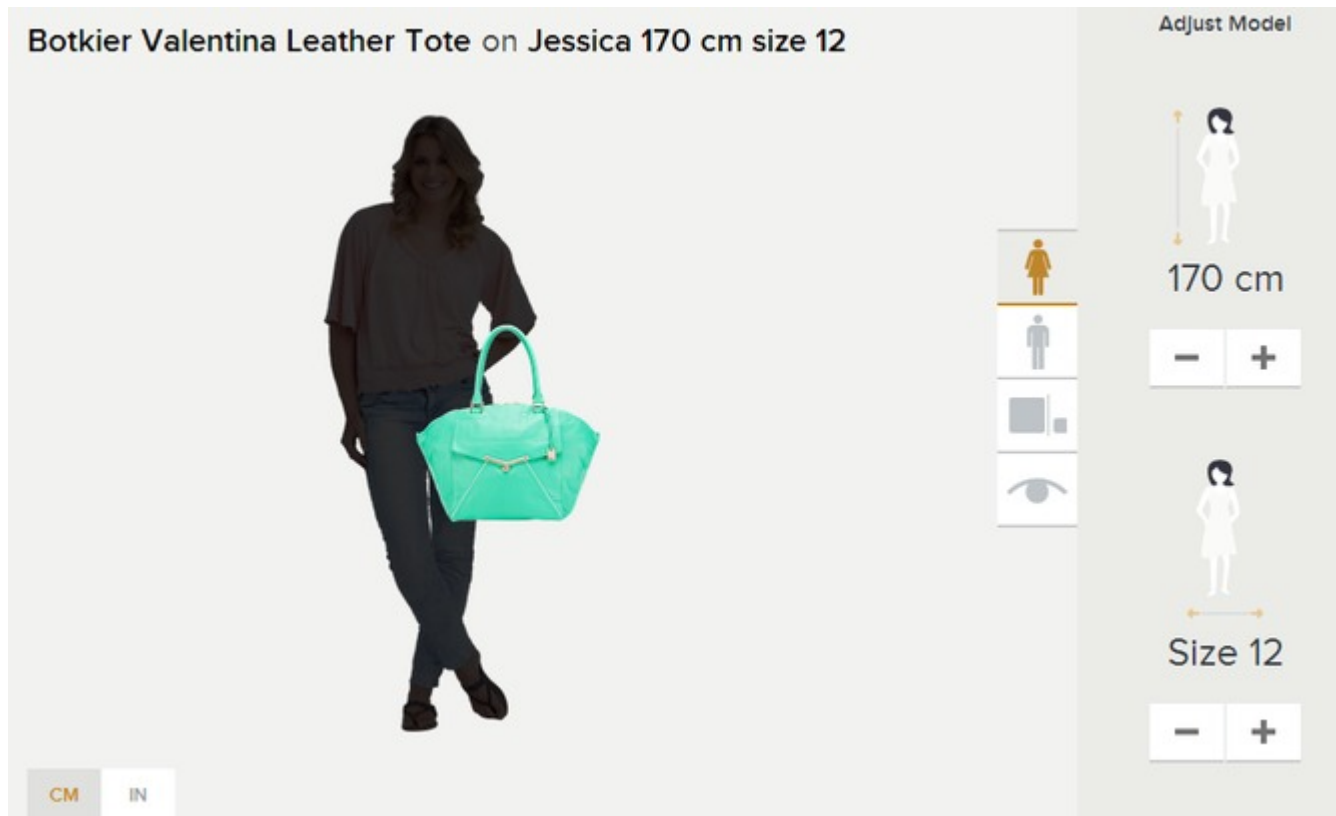
Tricks of the online rag trade

There are a series of elements that characterise these successful international sites and that have an impact on the loyalty users have for these online retail brands.

The first is a strong integration with social media, and a highly personalised viewing experience. Rather than abandoning the user to a mercurial search engine and a complex category search, these sites force users to enter via a sign-in process that maintains a “memory” of user preferences and (where relevant) Facebook likes, to generate a featured product viewing experience.

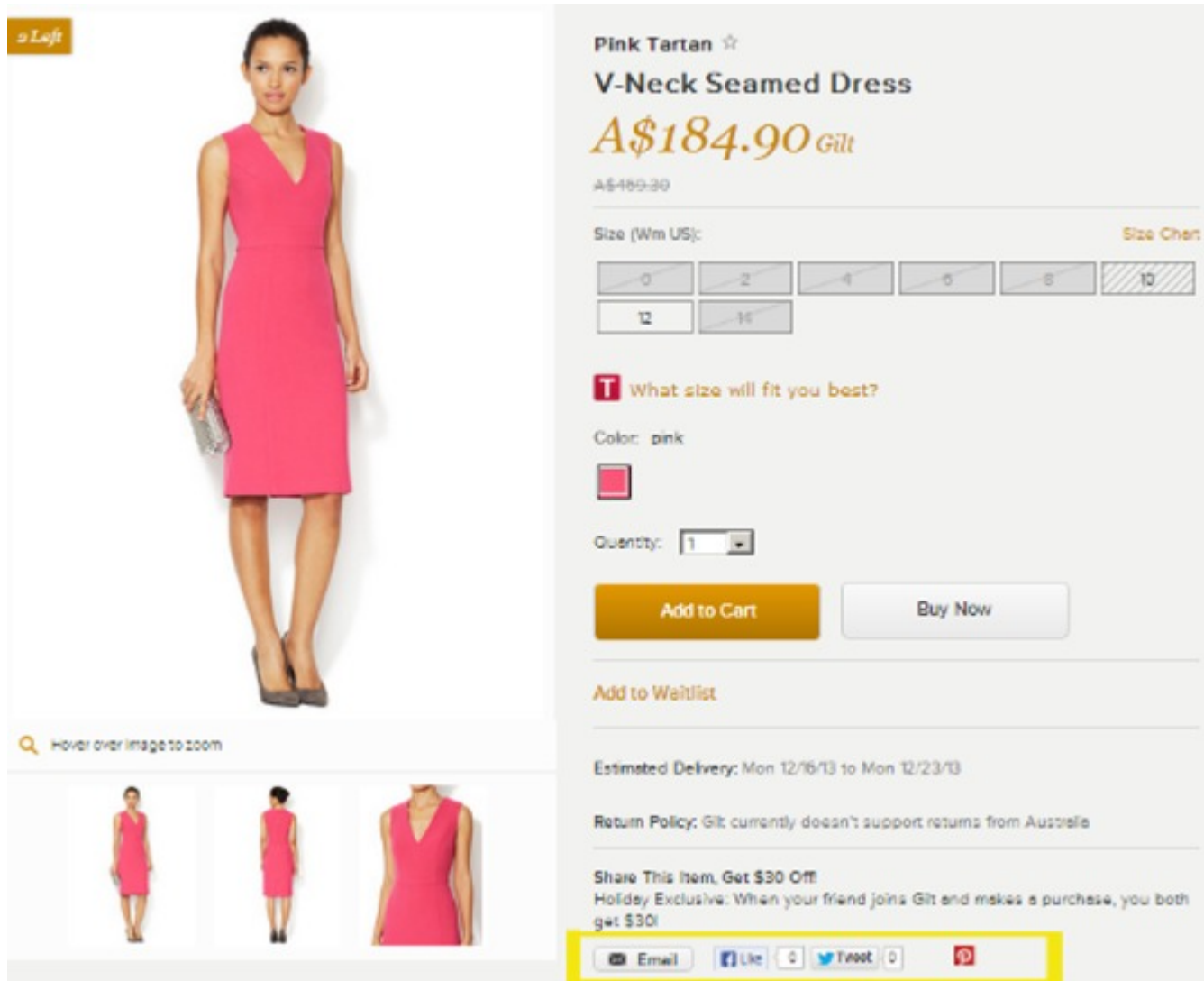
The algorithms, while not perfect, are successful enough that the suggested product experience has a strong correlation with sales of specific goods. And these brands will appear regularly in Facebook advertisements among existing registered customers, further reinforcing the purchasing experience.

Sites like Gilt.com also offer a “try on” facility, where users can adjust a model to their own dimensions to imagine how the goods will look on themselves.



'Try on' features remove some of the reasons why shoppers prefer brick-and-mortar stores. But they aren't available on all online retail sites. [Gilt Groupe Inc](#)

Most items will also be able to be shared through multiple social presences, and in some cases they will be given incentives to share such as a discount on purchase or a loyalty points programme.



Sharing products through different social media results in discounts on some sites, which encourages new shoppers for a small cost. Gilt Groupe Inc

The more successful online retailers in the US and UK often deliberately keep limited stock of high-value products, to reinforce the sense of exclusivity. They keep high value, high frequency customers informed of the new availability of stock to encourage competitive shopping.

This invitation-only approach has generated a sense of competitiveness among shoppers to be invited to trial and purchase products ahead of general release, or at a discounted rate.

Gilt.com co-founder Alexis Maybank has described the competitive online customers of the store as “**shopping athletes**”: people who will add their name to a waiting list for a limited-edition gold Starbucks card.

Among Australian businesses selling goods online, a few use some of these usability and incentive-oriented techniques, but use is scattered and often impersonal.

Most Australian online retailers tend to allow shopping without logging in to a site, and they will have limited engagement with their community on social channels. Even if goods can be shared through social channels, the engagement with these social sharing triggers is low. There are few incentives to share and engage with the firm; social is considered an add-on, rather than a deep element of the sales experience.

And VIP programs are limited to the in-store card-based loyalty experiences that fail to differentiate one customer from another. There are no releases for gold-standard customers only, and rather than a sense of exclusivity for products, lack of stock is considered a weakness rather than a strength.

The myths about Australian retailers online

But while these usability and user-oriented differences separate the Australian ecommerce environment from our US and UK competitors, there are other reasons that underlie our **spectacularly poor showing** in business participation in online sales.

Myth: Local trade laws make trading online difficult

Australian businesses often complain about having to adopt local trade and taxation laws, and say these are difficult to apply online. However, it is easy enough to operate an online business from a specific location and still observe local taxation and trade requirements. The Australian Government has **advice on how to operate an ecommerce business**.

And the evidence of online sales research is demonstrating that Australian customers are seeking local traders – and are **willing to pay additional taxes** – in order to **get access to their goods more quickly**.

The relative ease with which online sales can operate is reflected in the relatively high number of small to medium enterprises that sell online when compared with larger businesses – **58% of SMEs currently sell online and 70% receive online payments**.

Half-truth: Australia doesn't have a catalogue buying culture

Australia does not have a history of catalogue sales like the US and UK do, but that hasn't prevented us from becoming active online buyers, **with 78% of us buying goods online**.

Australians are more than willing to purchase goods that are not dependent on physical parameters – luxury goods like jewellery, handbags and fragrances, as well as ticket products like travel, entertainment tickets.

Contrary to the opinion of traditional retailers, sites like **AppliancesOnline have noted** that Australians are willing to buy technology, white goods and consumer electronics when their goods can be shipped quickly,

cheaply and the online retailer maintains a strong service relationship with the purchaser.

Half-truth: My customers want to shop in store

Shoppers may enjoy the offline shopping experience, but this is no reason to ignore the rise of technology mediated shopping experiences. The rise of mobile device shopping cannot be ignored.

Australian retail organisations have made the shopping experience a part of life in Australia, but even the likes of Westfield have acknowledged that online shopping is something **they need to support** for people who want a variety of shopping experiences.

The success of international retail brands is through capitalisation of customer desire for personalisation, as well as investment in cost-effective distribution and delivery.

If Australian businesses continue to lag in online shopping investment and customisation, they can hardly complain about loss of business. Ultimately, their pride in customer service is compromised by their resistance to a consumer change that is permanent.